

SB04-257

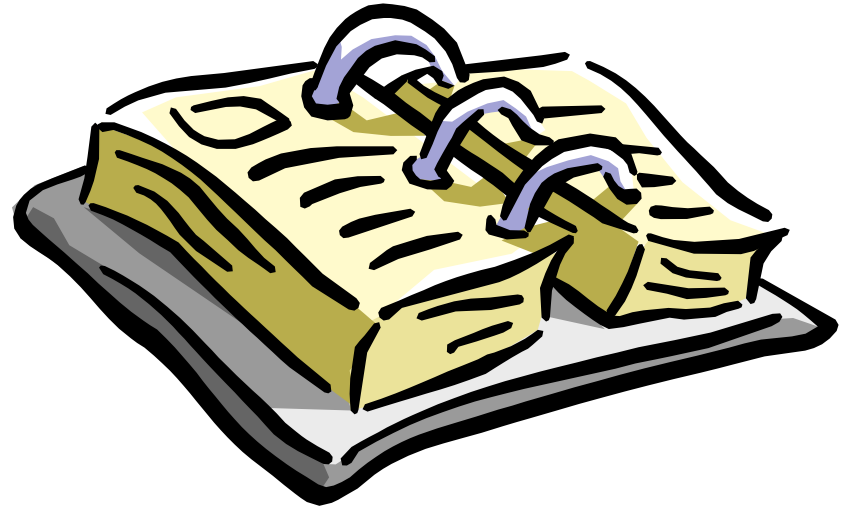
Defined Contribution Plans
State of Colorado
PERA

Defined Benefit vs. Defined Contribution

- Defined Benefit Plans, like PERA, are retirement plans offering a set benefit defined by age and years of service.
- Defined Contribution Plans, like 457, 401k, or 401a are plans offering a benefit defined by participant contributions; subject to losses and gains.

PERA

- Reduce unfunded liability
- Divide School and Local Government Divisions
- Implement a Defined Contribution Plan – 01/01/06



PERA DC Plan

- 60 days to elect, default is PERA DB Plan
- No membership in any plan in prior 12 months
- Specifically excludes Higher Education
- PERA DC er and ee contribution rates same as PERA DB
- Vesting; 100% ee, 50% er until fifth year
- One-time irrevocable election to stop DC and start contributions to PERA DB in years two through five.

State DC Plan 01-01-06

- 60 days to elect, default is PERA DB Plan
- Three bundled providers
- No membership in any plan in past 12 months
- Specifically excludes Higher Education
- State DC er and ee rates same as PERA DB
- Vesting 100% ee and er from first day
- One-time irrevocable election to choose State DC Plan

Current State DC Plan

- 30 days to elect; default is PERA DB Plan
- Two bundled providers
- Change providers w/in DC plan or start contributions to PERA each January
- Contribution rates same as PERA DB
- Vesting 100% ee and er from first day
- Not an irrevocable election

Implementation

- PERA must establish rules and processes for a DC Plan
- PERA and State will share in costs of communications 50/50.
- State releasing bid for three bundled providers for State DC Plan effective 7-1-05
- State and PERA will train HR professionals
- Keep you posted....

Questions ???

Suzanne E. Kubec

DC Plan Administrator

Dept. of Personnel & Administration

Division of Human Resources

Employee Benefits Unit

1313 Sherman Street, Rm. 122

303-866-3954

suzanne.kubec@state.co.us